

## Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 /032 W

----- 108939

R 151141Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5653

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

AMEMBASSY BERLIN

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ELAB, GW

SUBJECT: UNEMPLOYMENT (SEASONALLY ADJUSTED) CONTINUES  
TO DECLINE

REF: BONN 20012

SUMMARY: IN DECEMBER THE NUMBER OF UNEMPLOYED WORKERS  
ROSE TO 1,223,400, 5.3 PERCENT OF THE WORK FORCE. THE  
NUMBER OF WORKERS ON SHORT TIME INCREASED TO 748,209.  
JOB OPENINGS REACHED A NEW LOW OF 168,448. BUT ON A  
SEASONALLY ADJUSTED BASIS, UNEMPLOYMENT DECLINED FOR  
THE THIRD MONTH IN A ROW, REACHING 1,184,000, AND  
LEADING THE FEDERAL EMPLOYMENT SERVICE (BAA) TO ASSERT  
THAT THE LABOR MARKET HAS STABILIZED. THE DGB HAS  
DECLARED THAT THE ELIMINATION OF UNEMPLOYMENT WILL BE  
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THE MOST IMPORTANT ISSUE IN 1976. THE GOVERNMENT,

AWARE THAT THE EXISTENCE OF 2 MILLION UNEMPLOYED AND UNDER-EMPLOYED WORKERS IS A POLITICAL LIABILITY, IS CONTINUING ITS EFFORTS TO CREATE JOBS BY APPROVING PROJECTS IN THE CONSTRUCTION INDUSTRY MORE QUICKLY. END SUMMARY.

1. FINDING THAT SEASONAL FACTORS WERE RESPONSIBLE FOR THE INCREASE IN UNEMPLOYMENT AND THE DECREASE IN JOB OPENINGS, THE PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE ANNOUNCED THAT LAST MONTH UNEMPLOYMENT (UN-ADJUSTED) REACHED THE HIGHEST POINT IN THE LAST TWENTY YEARS, 1,223,400 OR 5.3 PERCENT OF THE WORK FORCE. BUT THE FEDERAL EMPLOYMENT SERVICE MAINTAINS THAT LABOR MARKET CONDITIONS ARE CONTINUING "SLOWLY TO STABILIZE", SINCE WHEN SEASONALLY ADJUSTED-JOB OPENINGS HAVE REMAINED FAIRLY CONSTANT-AND UNEMPLOYMENT CONTINUES TO DECLINE, REACHING 1,184,000 IN DECEMBER. BETWEEN THE SEPTEMBER HIGH POINT AND DECEMBER-UNEMPLOYMENT, SEASONALLY ADJUSTED, DROPPED 62,000.

2. THE UNEMPLOYMENT RATE FOR FOREIGN WORKERS WAS 6.3 PERCENT, 105,500 WORKERS. BUT THE RATE OF INCREASE WAS LOWER THAN FOR GERMANS, WHICH THE EMPLOYMENT SERVICE SEES AS AN INDICATION THAT FOREIGN WORKERS ARE CONTINUING TO RETURN TO THEIR HOME COUNTRIES. SUPPORTING THIS CONTENTION, IS AN ANNOUNCEMENT BY THE FEDERAL STATISTICAL OFFICE, WHICH REPORTS THAT IN THE PAST YEAR, THE NUMBER OF FOREIGNERS IN THE FRG HAS DECLINED. THE FEDERAL STATISTICAL OFFICE CALCULATES THAT AT THE END OF SEPTEMBER 1975 THERE WERE 4,089,000 FOREIGNERS IN THE FRG, A DECLINE OF 38,000 SINCE SEPTEMBER 1974.

3. BY MID-DECEMBER, THE NUMBER OF WORKERS ON SHORT TIME INCREASED 58,000, TO REACH 748,209.

4. JOB OPENINGS DROPPED TO 168,400, BUT ON A SEASONALLY ADJUSTED BASIS CLIMBED SLIGHTLY TO 224,000.

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5. AS USUAL, THE OPPOSITION AND THE GOVERNMENT TRIED TO GET A LITTLE POLITICAL MILEAGE OUT OF THE LATEST FIGURES. CDU/CSU BUNDESTAG FACTION LEADER AGREED THAT THE LABOR MARKET HAS STABILIZED, BUT AT AN "UN-ACCEPTABLY HIGH LEVEL", WHILE A CSU DEPUTY FOUND THAT THE 2 MILLION UNEMPLOYED AND SHORT TIME WORKERS WAS PROOF OF THE FAILURE OF THE POLICY OF THE FEDERAL GOVERNMENT. RESORTING TO THE GOVERNMENT'S

FAVORITE DEFENSE, THE GOVERNMENT SPOKESMAN NOTED THAT UNEMPLOYMENT IN THE FRG IS LOWER THAN IN OTHER WESTERN NATIONS.

6. REACTING TO CRITICISMS BY THE CONSTRUCTION WORKERS UNION, THE GOVERNMENT IS TRYING TO ACCELERATE JOB CREATION BY APPROVING CONSTRUCTION PROJECTS MORE

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LAB-04 SIL-01 /032 W

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QUICKLY.

7. THE PRESIDENT OF THE DGB, VETTER, CHARACTERIZED THE OVERCOMING OF UNEMPLOYMENT AS THE MOST IMPORTANT ISSUE IN 1976 AND PROMISED THAT THE DGB WOULD SOON PROPOSE

A PLAN TO CREATE MORE JOBS.

8. IN ADDITION TO UNEMPLOYMENT STATISTICS, THE BAA HAS FINALLY BEGUN TO PUBLISH EMPLOYMENT STATISTICS. THESE NEW FIGURES, WHICH ARE SIX MONTHS LATE, SHOW THAT EMPLOYMENT IS DECREASING. DURING THE FIRST QUARTER OF 1975, THE NEW BAA PHYSICAL COUNT SHOWS THAT THE DEPENDENTLY EMPLOYED DECLINED 310,000 FROM 20,370,000 TO 20,060,000. THE FEDERAL STATISTICAL  
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OFFICE CALCULATES THAT IN 1975 EMPLOYMENT DECLINED 3.2 PERCENT OR 836,000 PERSONS.

9. LIKE THE NUMBER OF EMPLOYED, THE CIVILIAN LABOR FORCE HAS ALSO BEEN DECREASING. BUT THE LATTER TREND WILL REVERSE, MAKING THE FRG'S EFFORTS TO REDUCE UNEMPLOYMENT MORE DIFFICULT TO ACHIEVE. ACCORDING TO THE MINISTRY OF ECONOMICS, BETWEEN 1976 AND 1979 THE LABOR FORCE WILL INCREASE BY 400,000. THEREFORE, IN ADDITION TO RESTORING JOBS LOST DURING THE RECESSION, THE FRG MUST TRY TO CREATE AN ADDITIONAL 100,000 NEW JOBS EACH YEAR FOR THE NEXT FOUR YEARS.  
HILLENBRAND

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